

**Exhibit 300 (BY2008)**

PART ONE	
OVERVIEW	
1. Date of Submission:	2006-11-07
2. Agency:	015
3. Bureau:	45
4. Investment Name:	Financial Management Information System (FMIS)
5. UPI:	015-45-01-01-01-2425-00
6. What kind of investment will this be in FY2008?	
Mixed Life Cycle	
7. What was the first budget year this investment was submitted to OMB?	
FY2001 or earlier	
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.	
<p>FMIS is the primary source of reports and data used to prepare the IRS' Annual Custodial Financial Statements for the Government Accountability Office's (GAO) annual financial statement audits. IRS' Custodial financial statements are a significant part of Treasury's financial statements, which are compiled for the government-wide financial statements each year. FMIS provides continuous and accurate responses to mandatory periodic and ad hoc requests for custodial financial reporting information from Treasury, OMB, Congress, and other government agency requests. FMIS has been operational since 1996, and directly contributes to the clean audit opinion on custodial financial statements the IRS has obtained from the GAO for the past nine consecutive fiscal years. FMIS contributes to accurate, transparent financial accounting on governmental operations to its citizens. As part of IRS' modernization effort, FMIS was scheduled to be replaced 2013. However, in FY05, the modernization effort to replace FMIS was terminated with no future plans to restart. In response to this, a new initiative, the Custodial Detail Database (CDDDB) was created as an enhancement to FMIS. The CDDDB will take the lessons learned from the modernization system to leverage the FMIS Current Production Environment (CPE) processes into a more modernized format and add functionality that solves long-standing financial reporting weaknesses cited by GAO. The CDDDB will provide the IRS with a sub-ledger that will be integrated with the Interim Revenue Accounting Control Project (IRACS). IRACS, the current general ledger for IRS' custodial activities, is not a US government compliant Standard General Ledger (SGL). The CFO organization has implemented a cross-walk that correlates IRACS accounts to USSGL, to make IRACS USSGL compliant. IRACS, however only tracks information at a summary level, it does not contain detail support for its balances. The CDDDB will contain the detailed transaction records that link to and support the summary records in IRACS, and enable the IRS to generate timely, more reliable financial reports. The CDDDB will leverage the capabilities of other existing IRS systems to provide reporting capabilities for a large data warehouse, the Business Performance Management System (BPMS), stored on a mainframe computer. The BPMS will receive daily, weekly, and monthly extracts to build pre-defined reports and data models to allow more in-depth analysis of the data.</p>	
9. Did the Agency's Executive/Investment Committee approve this request?	
yes	
9.a. If "yes," what was the date of this approval?	
2006-08-09	
10. Did the Project Manager review this Exhibit?	
yes	
11. Project Manager Name:	
Marcus, Howard	
Project Manager Phone:	
202-283-3219	
Project Manager Email:	
Howard.Marcus@irs.gov	
12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.	

no	
12.a. Will this investment include electronic assets (including computers)?	
no	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
<input type="checkbox"/> Budget Performance Integration <input type="checkbox"/> Financial Performance	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
FMIS supports these initiatives by producing reports required for IRS' custodial financial statement and to sustain a clean audit opinion. FMIS also provides reports to management to assist them in better utilizing their existing resources.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
no	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
yes	
19. Is this a financial management system?	
yes	
19.a. If yes, does this investment address a FFMA compliance area?	
yes	
19.a.1. If yes, which compliance area:	
(1) Compliance with federal financial management systems requirements; (2) Compliance with federal accounting standards; and (3) Compliance with the United States Government Standard General Ledger (USGL) at the transaction level.	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	0
Software	0
Services	61
Other	39
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
n/a	
22. Contact information of individual responsible for privacy related questions.	
Name	
Susan Dennis	
Phone Number	
202-622-5438	

Title																																		
Dep Comm Operations Support, Mission Assur & Security Svcs, Office Of Privacy, Privacy Operations																																		
Email																																		
Susan.Dennis@irs.gov																																		
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?																																		
yes																																		
<b>SUMMARY OF SPEND</b>																																		
<p>1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.</p> <p>All amounts represent Budget Authority</p> <p>(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)</p>																																		
<table border="1"> <thead> <tr> <th></th> <th>PY-1 &amp; Earlier</th> <th>PY</th> <th>CY</th> </tr> <tr> <th></th> <th>-2005</th> <th>2006</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Planning Budgetary Resources</td> <td>0.000</td> <td>0.000</td> <td></td> </tr> <tr> <td>Acquisition Budgetary Resources</td> <td>0.105</td> <td>0.000</td> <td></td> </tr> <tr> <td>Maintenance Budgetary Resources</td> <td>38.228</td> <td>1.377</td> <td></td> </tr> <tr> <td>Government FTE Cost</td> <td>14.138</td> <td>1.091</td> <td></td> </tr> <tr> <td># of FTEs</td> <td>156</td> <td>10</td> <td></td> </tr> </tbody> </table>								PY-1 & Earlier	PY	CY		-2005	2006	2007	Planning Budgetary Resources	0.000	0.000		Acquisition Budgetary Resources	0.105	0.000		Maintenance Budgetary Resources	38.228	1.377		Government FTE Cost	14.138	1.091		# of FTEs	156	10	
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<p>Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).</p> <p>Government FTE Costs should not be included as part of the TOTAL represented.</p>																																		
2. Will this project require the agency to hire additional FTE's?																																		
no																																		
3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.																																		
The summary of spending total has not changed.																																		
<b>PERFORMANCE</b>																																		
<p>In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.</p> <p>Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.</p>																																		
Table 1																																		
	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)																												

1	2005	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance enforcement of the tax law. IRS Project Goal: Improve allocation of enforcement resources.	Improved efficiency and savings in completing the audit with fewer resources.	FY2004 actual FTE cost of FY 04 financial statement audit.	Reduce FTE costs by 6%.	Met accelerated audit timeline set by OMB. Custodial Accounting Project (CAP) closed down January 2005 due to budget constraints. The planned CDDB enhancement leverages on CAP assets and lessons learned.
2	2005	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance enforcement of the tax law. IRS Project Goal: Improve allocation of enforcement resources; accurately record based on audited financial information.	Receive a clean financial statement audit opinion for FY 04.	IS and CFO have improved FMIS for better accuracy and access to data for FY 04 financial statement audit results.	A Pass/Fail Outcome. System changes are quantified to tax law changes. All trust funds and other associated custodial reports meet the GAO auditing requirements for the clean opinion. "As Built Architecture" meets standard and ad hoc requirements.	Pass. 100% Completion. Received a clean audit opinion on FY04 financial statements from GAO November 2004, 45 days after the end of the fiscal year.
3	2005	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Modernize the IRS through its People, Processes and Technology. IRS Project Goal: Modernize information systems to improve service and enforcement.	Receive Complete approval for the CAP alternative, Custodial Detail Data Base (CDDDB). Finalize plans/schedules for Custodial Detail Data Base (CDDDB), receive approval of CDDDB Phase I (TFRP/UA) requirements, and receive approval of CDDDB budget and hardware acquisitions.	According to GAO-05-393 (IRS Status of Recommendations from Financial Audits and Related Financial Management Reports), IRS needs "development of an alternative strategy for CAP" since "automation of the current TFRP program is much needed".	Receive Complete approval for the CAP alternative, Custodial Detail Data Base (CDDDB). 100% of the CDDDB plans finalized, 100% of the CDDDB Phase I requirements approved, and 100% of the CDDDB hardware acquisitions approved.	Consolidated FMIS/CDDDB E300 was approved.
4	2006	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance enforcement of the tax law. IRS Project Goal: Improve allocation of enforcement	Receive a clean financial statement audit opinion for FY05.	Unqualified audit opinions for revenue accounts from FY97 - FY04. System changes are quantified to tax law changes. All trust funds and other associated custodial reports must meet the GAO auditing requirements for the clean opinion.	A Pass/Fail Outcome.	Pass. 100% Completion. Received a clean audit opinion on FY05 financial statements from GAO November 2005.

		resources; accurately record based on audited financial information.				
5	2006	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Modernize the IRS through its People, Processes, and Technology. IRS Project Goal: Modernize information systems to improve service and enforcement.	Determine and implement changes needed in FMIS as CADE input financial data gradually replaces legacy systems.	FMIS currently receives CADE transactions on a weekly basis.	Maintain FMIS input capability from CADE as CADE capacity and processing increases in 2006. This is needed to produce reports and data for a clean audit.	FMIS and CDDb are receiving weekly files from CADE.
6	2006	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance enforcement of the tax law. IRS Goal: Improve allocation of enforcement resources; use audited data to provide accurate and timely financial information.	Accurate reports for Treasury and other government agencies.	Prior year reports.	Improved Excise Tax Certification Process by AQETL enhancement. Produce timely monthly, quarterly and interim reports. Data will be accurate and timely for support of the financial statement. Compensating procedures will be used where needed.	Improved Excise Tax Certification Process by AQETL enhancement completed ahead of schedule - FY05. Achieved.
7	2007	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Modernize the IRS through its People, Processes and Technology. IRS Project Goal: Modernize information systems to improve service and enforcement.	Determine and implement changes needed in FMIS prior to implementation of CADE releases as the modernized system, CADE, is completed and accepted.	FMIS currently receives CADE transactions on a weekly basis.	Maintain FMIS input capability from CADE as CADE system is completed and accepted. This is needed to produce reports and data for a clean audit.	X
8	2007	Treasury Goal: Manage the U.S. Government's Finances	Receive a clean financial statement audit opinion for FY06.	Unqualified audit opinions for revenue accounts from FY97 - FY05. System	A Pass/Fail outcome.	X

		Effectively. IRS Strategic Goal: Enhance enforcement of the tax law Project Goal: Improve allocation of enforcement resources; accurately record based on audited financial information.		changes are quantified to tax law changes. All trust funds and other associated custodial reports must meet the GAO auditing requirements for the clean opinion.		
9	2007	Treasury Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Enhance enforcement of the tax law. IRS Goal: Improve allocation of enforcement resources; use audited data to provide accurate and timely financial information.	Accurate reports for Treasury and other government agencies. Produce monthly reports within 3 business days of the end of the preceding month; quarterly reports within 15 business days of the end of the quarter and annual reports by November 15th.	Prior year reports. Produce monthly reports within 3 business days of the end of the preceding month; quarterly reports within 15 business days of the end of the quarter and annual reports by November 15th.	Produce monthly, quarterly and interim reports. Data will be accurate and timely for support of the financial statement. Compensating procedures will be used where needed.	X

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov).

Table 2

	Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
1	2006	Mission and Business Results	Reporting and Information	Provide detailed transactions from CDDb (the subsidiary ledger) to support the general ledger.	0%	Increase baseline detailed transaction records to 20%.	Completed. Release 1.1 implemented 3/1/2006 adds TFRP/UA records to the CDDb database and provides 20% detail support.
2	2006	Customer Results	Accuracy of Service or Product Delivered	Provide 100% of TFRP/UA records (CDDb Phase I) for the annual financial audit.	0%	100% TFRP/UA records provided.	Passed. Reviewed data and informed GAO on 6/1/2006 of decision to CDDb UA data

							for FY 2006 audit.
3	2006	Processes and Activities	Errors	Provide quarterly reports to the Business Operating Divisions (BODs) on TFRP accounts validating TFRP cross referencing information and reduce the number of erroneous cross references.	40% erroneous cross references.	Reduce erroneous cross references to 25%.	In progress. TFRP programs (Release 1.1) placed into production on 3/1/2006. Requirements finalized 6/25/2006.
4	2006	Customer Results	Accuracy of Service or Product Delivered	Provide GAO with 100% of TFRP/UA subsidiary ledger files for the annual audit that support an accurate accounting for TFRP/UA and reconcile to the summary records in the general ledger.	0% support records provided.	100% TFRP/UA support records provided.	Completed Informed GAO on 6/1/2006 of decision to use CDDb TFRP/UA for FY 2006 audit.
5	2006	Mission and Business Results	Reporting and Information	Reduce the number of reclassifications of taxes receivable for UAs based on CDDb Phase I data. Provide a report at least quarterly showing the actual reclassifications.	0% reduction. Baseline \$ amount average for 3 years for compliance assessments is \$3.27B and for write-offs is \$13.775B.	Reduce compliance assessments and write-off reclassification s by 30% to \$2.29B and \$9.6B respectively.	In progress. CDDb Release 1 (TFRP/UA analysis) implemented 3/1/2006. Requirements for listing that will be provided to the business unit finalized on 6/25/2006.
6	2006	Technology	Improvement	Reuse CAP equipment for CDDb to reduce acquisition costs and procurement activities.	0%	100%	Completed. Received MOU dated 6/7/2005 allowing CDDb to reuse CAP hardware.
7	2007	Mission and Business Results	Reporting and Information	Provide detailed transactions from CDDb (the subsidiary ledger) for Electronic Federal Tax Payment System [EFTPS] records) to support the general ledger.	20%	Increase baseline detailed transaction records to 40%.	X

8	2007	Mission and Business Results	Reporting and Information	Reduce the number of reclassifications of taxes receivable for UAs based on CDDB Release I data.	30% from \$2.29 B for compliance assessments and \$9.6 for write-offs.	Reduce compliance assessments and write-off reclassifications by 45% from original baseline to \$1.8B and \$7.58 B respectively.	X
9	2007	Technology	Improvement	Migrate to a relational database from a flat file system to conform to standards and guidelines established in the IRS' Enterprise Architecture.	20% of records in relational database.	Increase records in relational database to 40%.	X
10	2007	Processes and Activities	Errors	Provide quarterly reports to the Business Operating Divisions (BODs) on TFRP accounts validating TFRP cross referencing information and reduce the number of erroneous cross references.	25% erroneous cross references.	Reduce erroneous cross references to 15%.	X
11	2007	Mission and Business Results	Reporting and Information	Increase percentage of records reconciled from the CDDB detailed subsidiary ledger records with the general ledger from 20% to 40%.	20% of records reconciled.	Increase records reconciled to 40%.	X
12	2007	Customer Results	Accuracy of Service or Product Delivered	Provide GAO with CDDB Release II.A data (detailed sub-ledger files EFTPS receipts and reconcile them to summary records in the general ledger).	0% EFTPS support records provided.	100% EFTPS support records provided.	X

**EA**

*In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure*



the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

FMIS

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Tax Account Management Business Logic	Provides GAO with financial accounting information relative to taxpayer remittances, refunds, credits, etc.	Data Management	Data Exchange			No Reuse	80
2	Billing and Accounting	Mathematical functions and algorithms are used to select samples for the GAO Audit	Financial Management	Billing and Accounting			No Reuse	20

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Data Exchange	Service Access and Delivery	Service Requirements	Legislative / Compliance	IBM DB2

2	Data Exchange	Service Access and Delivery	Service Transport	Service Transport	SQL Comshare, Decision web
3	Data Exchange	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	CA ENDEVOR
4	Data Exchange	Component Framework	Data Management	Reporting and Analysis	Comshare IBM DB2, Decision Web
5	Data Exchange	Service Platform and Infrastructure	Software Engineering	Test Management	Customized Code
6	Billing and Accounting	Service Platform and Infrastructure	Software Engineering	Test Management	Customized Code

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

5.a. If yes, please describe.

No

6. Does this investment provide the public with access to a government automated information system?

no

## PART TWO

### RISK

You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

Answer the following questions to describe how you are managing investment risks.

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-10-19

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

Cost and schedule estimates for risks are included in all Request for Information Services (RIS) responses.

### COST & SCHEDULE

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?

no

2.a. What is the Planned Value (PV)?

0.750

2.b. What is the Earned Value (EV)?

0.750

2.c. What is the actual cost of work performed (AC)?

0.686

What costs are included in the reported Cost/Schedule Performance information?

Contractor and Government

2.e. As of date:

2006-09-30
3. What is the calculated Schedule Performance Index ( $SPI = EV/PV$ )?
1
4. What is the schedule variance ( $SV = EV - PV$ )?
0.000
5. What is the calculated Cost Performance Index ( $CPI = EV/AC$ )?
1.09
6. What is the cost variance ( $CV = EV - AC$ )?
0.064
7. Is the CV or SV greater than 10%?
no
7.b. If yes, explain the variance.
Variances are not greater than 10%.
7.d. What is most current Estimate at Completion?
25.346
8. Have any significant changes been made to the baseline during the past fiscal year?
no